

Year 15 Issues

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HPD's Year 15 Program

Background and Pipeline

- The City has used LIHTC to develop approximately 45,000 units since the late 1980s.
- Initial projects were developed through the agency's disposition and homeless housing development programs.
- The range of HPD programs utilizing tax credits expanded in the mid-1990s.
- Since inception of the Year 15 program in 2007, HPD has repositioned and preserved the affordability of more than 80 LIHTC projects totaling over 5,000 units.
- Approximately 10,000 additional units have reached or will reach year 16 by 2015.

Purpose of Year 15 Program

- In its mortgagee and regulatory roles, the City must approve ownership changes and restructuring of these projects.
- Program purpose is to preserve the long-term affordability and viability of Year 15 projects.

HPD Year 15 Strategies

Primary preservation strategies include:

- Transfers of ownership and ownership interest
- Residential tax exemptions
- Mortgage extensions, restructuring, and workouts
- Up to \$15,000/DU funding for capital work and reserves
- Restructuring rents
- Combining LIHTC Year 15 projects
- Management improvements or changes
- Inclusionary bonus (select projects only)
- Resyndication (select projects only)

The structure and characteristics of projects reaching Year 15 will shape LIHTC preservation strategies.

HPD Year 15 Strategies: Resyndication

While bond cap is available and credit market remains favorable, HPD will consider resyndication using 4% credits and bond financing for a subset of Year 15 projects for which existing Year 15 programmatic tools are insufficient to address the full range of project and portfolio needs:

Portfolio Characteristics

- 300+ units.
- Subsidy needs would otherwise exceed program limit of \$15,000 per unit.
- Significant capital needs and deferred maintenance, operating deficits, interest arrears, municipal arrears, and inability to pay mortgage balloons and other project obligations.
- Requires ownership transfer or development partnership with transfer of at least 50% ownership interest.

Preparing for Year 15

- Review project's financial and physical condition to determine needs.
- Review LPA, loan, and regulatory documents to determine required consents, partners, and ongoing requirements
- Determine how project fits into organizational goals and discuss with key stakeholders, board members, etc.